and, in the case of some items, the allocations were given on the basis of past lifting of indigenous material. All recommendations are made after taking into consideration the conditions prescribed in the industrial approvals. The objective of such imports is to cover the gap between indigenous demand and production and to thus ensure adequate availability of medicines in the indigenous market. This is therefore an ongoing and continous process while review of duty structure forms a part of the annual budget exercise.

(d) No, Sir.

(e) Question does not arise.

Blanket exemption to small scale sector

1225. SHRIMATI KAILASHPATI :
SHRIMATI SATYA BAHIN :

Will the PRIME MINISTER be pleased to state :

(a) whether it is a fact that blanket exemption to small scale sector from price control has resulted in a number of malpractices;

(b) whether Government have received any such instances;

(c) if so, the details thereof;

(d) what were the reasons on account of which blanket exemption was granted instead of exemption from price control upto a value limit as recommended by Kelkar Committee;

(e) whether it is a fact that a number of small scale sector units are selling/producing the braned products of organised sector units by getting the brand names duly transferred/assigned;

(f) if so, what are the names of such products; and

(g) what are the names of multinational drugs companies who are getting their products manufactured by small scale units ?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO) : (a) to (c), (e) and (f) At present, exemption to Small Scale Sector Pharmaceuticals units from the provisions of DPCO, 1987 is regulated in accordance with the provisions of Government S.O. 719(E) dated 21-7-1988. Wherever instances of companies availing exemption in violation of the conditions of the said order come to the notice of the Government, the same are looked into and dealt with in accordance with the provisions of DPCO, 1987.

(d) Government has taken an independent view in exempting small scale sector units from price control in respect of Category II formulations under DPCO, 1987.

(g) At present, there is no ban as such on multinational companies or other organised sector units against getting the products manufactured from SSI units. SSI units, however, in such cases are not eligible for exemption under S.O. No. 719(E) dated 21-7-1988.

Custom duty concessions on drugs and drug intermediates

1226. SHRIMATI KAILASHPATI :
SHRIMATI SATYA BAHIN :

Will the PRIME MINISTER be pleased to state :

(a) what are the details of custom duty concessions recommended for drugs and drug intermediates by the Government during 1992-93;

(b) what are the items involved, their users and what are the reasons for recommending concessions of drugs and intermediates in each case;

(c) whether it is a fact that concessions have been recommended on price of decontrolled items as well as on those items whilch are likely to have adverse affect on basic production;

(d) what are the names of bulk drugs as well as drugs for which intermediates required are exempted from price control on which duty concession was recommended,

(e) whether Government have made any study on the effect of duty concession; and

(f) if so, when, by whom the study was made and what are the findings thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO) : (a) to (d) Duty rationalisation of bulk drugs/intermediates and finished medicines is an ongoing process. Duty proposals are sent to Ministry of Finance after examination of the same in the Ministry, and the recommendations as finally notified by the Ministry of Finance, are taken into account while fixing the prices. The major objective of duty rationalisation is to encourage production from the more basic stage, and thereby save foreign exchange. It is not linked necessarily in every case to reduction in the price of bulk drugs. Prices of scheduled drugs are fixed from time to time in accordance with the procedure and norms laid down under DPCO, 1987. Whenever there is custom duty concession on any drug/drug intermediates, the reduced price is taken into account while fixing the prices of bulk drugs and formulations. Duty concessions on some of the drugs/intermediates recommended by Government during 1992-93 were to offset the hike in prices of such items due to imports at market determined exchange rates as per the EXIM Policy. Regarding non-scheduled drugs, Government keeps a watch on the movement of their prices. The names of bulk drugs and drug intermediates on which custom duty concessions have been given by the Ministry of Finance during 1992-93 are given in custom notifications which are published from time to time in the Official Gazette, copies of which are available in the Parliament library.

(e) No formal study has been carried out on the effect of duty concession.

(f) Does not arise.

Interest and penalty on amount due under DPEA

1227. SHRIMATI KAILASHPATI : Will the PRIME MINISTER be pleased to state :

(a) whether it is a fact that Government had decided in December, 1992 that interest and penalty would be charged on amounts due under DPEA;

(b) if so, the steps taken on this decision;

(c) whether Government have issued final notices to each defaulter;

(d) if so, when and what is the limit period under which the amount to be paid;

(e) what are the names of the companies to whom notices were sent and the amount involved in each case;

(f) whether Government have made any fresh assessment or revised existing assessment during January and February, 1993; and

(g) if so, the name of the company, product involved and details of amount worked out ?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO) : (a) to (g) The tentative liability of a number of pharmaceutical companies have been worked out as Rs. 256.86 crores due to overcharging the prices of bulk drugs and formulations under DPCO, 979/87 and under para 7 (2) of DPCO, 1979. A statement showing the latest amount due from various companies on a tentative basis is attached (See below). The amount was communicated to the companies from time to time and the companies were asked to discharge their entire liabilities, failing which the Government would be constrained to process action for recovery of the amount as arrears of land revenue along with the interest from the date of default. Most of the companies have not yet discharged their liabilities. Some of them have instead challenged the computation of liability and have asked for personal hearings which are being granted. A few of them have filed writ petitions and some of these have obtained stay orders.